AN INTRODUCTION TO DIGITAL TRANSFORMATION

Techniques for improving the contribution of digital marketing

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Welcome

Thank you for taking a look at our Digital Transformation briefing. It introduces the latest thinking from a range of sources on how businesses can achieve digital transformation.

Techniques to plan and manage the process are covered in more depth in our 7 Steps guide to digital transformation for Expert members.

Our 7 Step guide covers these 7 recommended steps for digital transformation:

- Step 1. Proving the need and making the case for transformation
- Step 2. Benchmark current digital marketing capabilities
- Step 3 Define the best structure digital marketing activities and process
- Step 4 Define resourcing requirements
- Step 5. Change processes to support digital integration
- Step 6. Manage change for digital transformation
- Step 7. Optimising performance across integrated channels

We hope you find it useful when reviewing your plans to increase the contribution of digital marketing to your business, or your clients.

This briefing is a sample of a wider selection of our Expert members advice for marketers including 7 Steps Ebooks; online training courses; how-to-videos and marketing templates.

See the full range of content used by our Expert members.

The long journey to digital transformation

The speed with which consumers adopt new technologies and communications is staggering. This analysis by comScore\(^1\) gives us a reminder of the rate at which consumers adopt new technologies. For emerging social networks, which don't require investment in hardware, rate of adoption can be even quicker.

\(^{1}\) comScore: Digital Banking Industry Trends and Observation
It’s inevitable that businesses, particularly larger companies, will move more slowly and struggle to adapt. Over twenty five years since the launch of the web, many businesses have been on a journey to adopt digital marketing, but have fallen a long way behind where they need to be to remain competitive.

With potential negative impacts on leads, sales and profitability, **digital transformation** is needed to ensure that a business makes the most of the opportunities of digital marketing.

**What is it? Digital transformation**

A staged programme of business and revenue model improvements to People, Process and Tools used for integrated digital marketing to maximize the potential business contribution of digital technology and media.

This example shows, that even well-regarded adopters of digital such as Dell have been on a long journey to improve the relevance of their digital communications.

There is a need for a managed digital transformation in that most medium to large organisations move more slowly. They have existing ways of working which are not yet agile enough to respond to changes in their markets.

This means that many organisations are “playing catch-up” to reach their audiences and deliver propositions and experiences that fit consumers’ new changing behaviour. If they don’t do this and so fall behind their competitor use of new platforms, the result can be rapid losses in audience and so market share.

This gap between aspiration and capability is highlighted by this research by PwC which shows there is a huge gap between business and IT leaders who are concerned about digital technology challenges and those that are addressing them through strategy.

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2 Smart Insights: Example of web optimization adoption by Dell

3 PwC 6th Annual Digital IQ Survey
10 tests for digital transformation

To review the degree to which your business or your clients require digital transformation take a look at these 10 tests for digital marketing. How do you score?

Take a look at these questions to see the extent to which you need to adapt your approach to digital marketing.

The 10 tests cover the key areas of Strategy, People, Process and Tools that need transformation. Simply answer ‘Yes’ or ‘No’ to rate how your organization uses digital marketing. Compare your approach to others who have taken this simple survey. Does your organization have:

- Q1. A planned, strategic approach to digital marketing across the business?
- Q2. A long-term vision of how digital marketing and new business models can add commercial and customer value to a brand including new business and communications models?
- Q3. Effective integration of digital marketing and traditional communications?
- Q4. The appropriate resources including in-house and agency skills to deliver results from digital marketing?
- Q5. The agile processes to plan, manage and optimise digital marketing so that investment is effective and relevant new opportunities are pursued?
- Q6. The best technology platforms to manage digital marketing?
- Q7. Appropriate KPI evaluation, information and knowledge management control processes to fuel improvement and optimization?
- Q8. The right organizational structure and workflow to manage marketing?
- Q9. Senior management buy-in to review, authorize and champion innovation in marketing?
- Q10. Budget and investment in digital marketing consistent with customer use of these channels?
Digital strategy impact vs alignment?

Managers of digital initiatives should ask where digital strategy fits compared with more general business and marketing strategies. Should digital strategy align with or impact broader business and marketing strategies? The ideal answer is ‘both’. But if businesses haven’t been through a transformation programme the true answer may be neither…

We make this distinction since often we see a recognition that business and marketing strategy should inform digital strategy. This is positive, however, alignment implies efficiency in managing and executing digital marketing activities, but they are not necessarily the right digital marketing activities... An impacting strategy is in place if companies have reviewed whether broader and bigger changes are needed to business and revenue models to make the most of digital opportunities.

What is it? Digital strategy alignment

Alignment means that digital strategies are well integrated with the business and marketing strategies they support.

Digital alignment means demonstrating how digital marketing investments are supporting current marketing or business strategic initiatives. For example, referencing the 5S goals in a digital plan should show how digital marketing can support or align with different business initiatives in these areas:

- **Sell** – Specific business initiatives to grow sales by targeting new markets or new product development
- **Speak** – customer communications initiatives
- **Serve** – customer service improvement
- **Save** – Cost reduction through use of digital media to reduce print costs
- **Sizzle** – Supporting brand campaigns and adding value to the brand

What is it? Digital strategy impact

Impact means that digital strategies drive commercial improvements by reviewing new strategic options such as new business models and new ways of communication.

Examples of impactful digital strategies include:

- The global Coke 2020 content and social media marketing initiative
- The integrated O2 “Be More Dog” campaign in the UK
- Barclays Bank creating “Digital Eagles” in branch to help customers be more web savvy
- Lloyds Pharmacy setting creating a portal to answer customers medical questions and offer additional services [https://onlinedoctor.lloydspharmacy.com/](https://onlinedoctor.lloydspharmacy.com/)
- McDonalds Canada “Our Food, Your Questions” community to support repositioning of MacDonalds as a healthy eating. Sadly not sustained (last updated 2012) [http://yourquestions.mcdonalds.ca/](http://yourquestions.mcdonalds.ca/)
- Simply Business Insurance creating a Knowledge and Community area to drive search traffic and position as a trusted adviser [http://www.simplybusiness.co.uk/knowledge/](http://www.simplybusiness.co.uk/knowledge/)

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4 Smart Insights: Coke 2020 campaign
5 Smart Insights: The 4Cs – three examples of integrated campaigns
Making the business case for digital transformation

The reality is that investment in digital transformation needs budget to be reassigned. Today, all businesses are already investing in digital marketing, so we’re asking for additional investment for which the case must be made. As a manager seeking investment in digital media you will need to think carefully how to make the business case and structure your arguments.

**Strategy Recommendation 1 Define the main parts of your business case**

To define your business case you should define the opportunity and risks of following the same course. Conversion-based financial models showing revenue and profit growth and returns from investment are essential. You should also show weaknesses in current process and structure that mean you are less competitive.

**Recommended resource: Making the business case for digital transformation**

Different approaches to persuade colleagues to make the case are defined in more detail in our downloadable guide on [making the business case for digital marketing](mailto:making the business case for digital marketing).

If you’re looking for a shorter set of arguments to use, select from these [10 reasons for digital marketing](mailto:10 reasons for digital marketing).

- 1. Lack of long-term strategic direction of how to use digital to support growth – so you need a more clearly defined digital marketing strategy
- 2. You won’t know your online market share and how to defend it
- 3. Existing and start-up competitors will gain market share
- 4. You don’t have a powerful online value proposition for your brand
- 5. You don’t know your online customers or insight well enough
- 6. You're not integrated (“disintegrated”)
- 7. Digital doesn’t have enough people/budget given its importance
- 8. You’re wasting money and time through duplication
- 9. You’re not agile enough to catch up or stay ahead
- 10 You’re not optimising so the opportunity of online leads and sales is missed

You should highlight which of these problems will be most persuasive in your organization or for your clients? Commercial arguments based on how competitors are profiting from digital marketing or modeling the opportunity for revenue growth from online channels are most persuasive.

However, there may be operational inefficiencies caused by structure or staff that are a future concern for slowing growth. The way in which separate digital teams are created often lead to silos of digital marketing specialists and non-specialists. We will see in Step 2 that applying the McKinsey 7S issues for better future governance of digital marketing can also help improve marketing.

Alternatively, it can be equally persuasive to present the benefits of Digital Transformation. Research by McKinsey recommends that these are the key areas based on their research:

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We review the drivers and inhibitors of digital marketing in Step 5 of the full guide when we review approaches for change management.

**Digital transformation must support integration with other marketing activities**

Our research into approaches to Managing Digital Marketing\(^7\) showed that there is a severe lack of integration in many organisations, so we need to be clear at the outset that creating a digital strategy for transformation doesn't make this problem worse – at least in the long-term.

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\(^7\) [Smart Insights: Managing Digital Marketing research](https://www.smartinsights.com)
Strategy Recommendation 2 Ensure your transformation plan is integrated

Although you may need a separate plan to specify digital transformation it’s important to keep it well integrated.

About the report authors

Dr Dave Chaffey is CEO and co-founder of Smart Insights, a digital marketing advice site to help businesses Plan, Manage and Optimise their online marketing.

He has advised companies on digital marketing strategy and transformation for over 15 years. This includes working with large international organisations like 3M, Barclaycard, HSBC, Mercedes-Benz, M&G, Nokia and Royal Canin to smaller companies like Arco, Confused.com, Euroffice, Hornbill and i-to-i. In 2005 and 2008 he worked as an analyst for Econsultancy where he researched and authored the Managing Digital Channels research reports which this guide updates and extends.

Dave is author of five best-selling business books including Digital Marketing: Strategy, Implementation and Practice; Digital business and E-commerce Management, eMarketing eXcellence (with PR Smith) and Total E-mail Marketing.

James Carson is founder of Carson Content, a London based Content Strategy consultancy that focuses on building commercial audiences for media companies and brands. Prior to creating his own company, he was Head of Digital Marketing at Bauer Media’s Lifestyle division, overseeing content strategy and digital audience development for major media brands such as FHM, Grazia and heat. He also previously held content roles at SEGA, Greenlight Digital Marketing and Holiday Extras.

We hope you found this guide useful in planning your roadmap for transformation. We’d love to hear your comments or questions - please let us know via our Answers forum.
RESOURCES
Tools to help you plan, manage and optimise your digital marketing

Benchmark your capabilities compared to your competitors
We’re big fans of scoring the current digital marketing capabilities of a company, so you can show your colleagues how your different digital marketing activities rate now and how they need to be improved in future. This is a core technique for arguing for additional investment in digital marketing and for reporting on progress.

Recommended resource? Smart Insights Benchmarking Tools
We have developed a series of tools to help develop strategy and to make the case for more investment in digital marketing. These are:

- **Digital Strategy Toolkit.** Expert members can download examples and editable template as part of our which includes Powerpoint, Word and Excel templates to help build your marketing plan and explain to colleagues or clients.
- **Digital Marketing Healthcheck.** Score your company or clients in the 5 key areas of RACE Planning. This is more suited to small and medium sized companies and is available free for use by Basic members.
- **Digital marketing audit.** A more detailed spreadsheet based technique for assessing a company in 6 key areas. More suited to larger organisations or use by consultants.
- **Business case template.** Improvement needed can be justified through this template and the companion Ebook.

► Upgrade to Expert membership! View the full range of Expert member resources

All the best for your journey to make the most of digital marketing
Creating or refining a plan is just the beginning of the journey to making the most of digital and social media. We hope our guide has helped you on your way?

Please let us know any questions you may have through our free Digital Marketing Answers Forum or through our support desk.

Thanks, Dave Chaffey and the Smart Insights team.